

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

CEA-01 L-03 H-02 PRS-01 PA-02 AGR-10 ABF-01 FEA-00

INT-05 /122 W

----- 017745

R 201727Z APR 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8222

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMCONSUL FRANKFURT

UNCLAS SECTION 01 OF 02 BONN 06612

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: FINANCIAL DEVELOPMENTS (WEEK ENDING APRIL 20)

REF.: BONN 6262

1. FOREIGN EXCHANGE MARKET: BEFORE EASTER THE GERMAN  
FOREIGN EXCHANGE MARKET REMAINED CALM. THE POSITION OF  
THE DOLLAR AGAINST THE DEUTSCHEMARK DID NOT CHANGE VERY  
MUCH. ON THURSDAY, APRIL 15, THE DOLLAR OPENED AT  
DM 2.5320-30, INCREASED TO DM 2.5370-85 IN THE AFTERNOON  
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AND WAS FIXED ATDZ 2.5367. ON APRIL 20, THE DOLLAR

OPENED AT DM 2.5370 BUT DECLINED TO DM 2.5322 AT THE FIXING. DURING THE REPORTING WEEK SPOT (FRANKFURT FIXING RATE) AND FORWARD DOLLAR RATES DEVELOPED AS FOLLOWS:

		FORWARD DOLLARS (DISCOUNTS IN PCT. P.A.)	
SPOT DOLLARS		ONE-MONTH	THREE-MONTH
APRIL 12	DM 2.5391	-2.1	-2.1
13	2.5396	-1.8	-2.0
14	2.5351	-1.8	-2.1
15	2.5367	-2.0	-1.9
16/19 GERMAN HOLIDAYS	-	-	-
20	2.5322	N.A.	N.A.

WITHIN THE JOINT FLOAT THE POSITION OF THE DEUTSCHE-MARK REMAINED UNCHANGED EXCEPT FOR A WEAKENING OF THE DEUTSCHEMARK AGAINST DANISH CROWNS. ALL SNAKE CURRENCIES REMAINED ABOVE THEIR DEUTSCHEMARK LOWER INTERVENTION POINTS RANGING FROM 0.6 PERCENT FOR BELGIAN FRANCS TO 1.30 PERCENT FOR DANISH CROWNS.

2. MONEY MARKET: BEFORE EASTER HOLIDAYS CONDITIONS ON THE GERMAN MONEY MARKET REMAINED UNCHANGED. DURING THE REPORTING WEEK FRANKFURT INTERBANK MONEY RATES DEVELOPED AS FOLLOWS:

CALL MONEY ONE-MONTH MONEY THREE-MONTH MONEY

APRIL 12	3.4-3.6	3.50	3.60
13	3.4-3.6	3.50	3.60
14	3.4-3.6	3.50	3.60
15	3.3-3.5	3.50	3.60

3. MONETARY RESERVES: IN THE PERIOD APRIL 1-7 THE BUNDES BANK'S NET FOREIGN EXCHANGE POSITION DECLINED BY DM 0.4 BILLION TO DM 94.0 BILLION. GERMANY'S IMF GOLD TRANCHE POSITION DECLINED BY DM 132 MILLION, HOLDINGS OF LIQUID FOREIGN EXCHANGE BY DM 256 MILLION WHILE UNCLASSIFIED

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CLAIMS AGAINST THE EUROPEAN MONETARY FUND INCREASED BY DM 66 MILLION. GROSS LIABILITIES ROSE BY ABOUT DM 80 MILLION. THE BUNDES BANK POINTED OUT THAT THE DECLINE IN RESERVES WAS NOT SO MUCH THE RESULT OF BUNDES-BANK INTERVENTIONS ON FOREIGN EXCHANGE MARKETS BUT BASICALLY DUE TO OTHER TRANSACTIONS, PROBABLY MAINLY GOVERNMENT TRANSACTIONS.

4. BANK LIQUIDITY: IN THE PERIOD APRIL 1-7 BANK LIQUIDITY INCREASED BY DM 1.2 BILLION. THE MAJOR FACTOR INCREASING LIQUIDITY WAS THE USUAL DECLINE IN OFFICIAL NET ASSETS HELD AT THE BUNDES BANK IN THE FIRST WEEK OF A MONTH WHICH, HOWEVER, THIS MONTH WAS PARTICULARLY HIGH (DM 3.1 BILLION). ANOTHER FACTOR INCREASING LIQUIDITY WAS THE USUAL INCREASE IN CURRENCY IN CIRCULATION IN THE FIRST WEEK OF A MONTH (DM 0.7 BILLION). OTHER FACTORS, INCLUDING THE ABOVE-MENTIONED DECLINE IN BUNDES BANK MONETARY RESERVES AND A DM 0.4 BILLION INCREASE IN THE BANKS' HOLDINGS OF RESERVES AT THE BUNDES BANK REDUCED LIQUIDITY, NET, BY

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DM 2.6 BILLION. THE BANKS USED THE INCREASE IN LIQUIDITY TO REDUCE LOMBARD BORROWINGS BY DM 1.1 BILLION AND RE-DISCOUNT BORROWINGS BY DM 0.1 BILLION.

5. THE AMOUNT OF THE DM LOAN OF THE JAPANESE ASAHI GLASS (SEE BONN 6262) HAS BEEN INCREASED FROM DM 40 MILLION TO DM 50 MILLION. CONDITIONS OF THE LOAN, REPORTED IN REF-TEL, REMAINED UNCHANGED.

6. SEASONALLY-ADJUSTED CENTRAL BANK MONEY AND M1 AND M2: IN MARCH, CENTRAL BANK MONEY INCREASED FROM DM 112.3 BILLION IN FEBRUARY (REVISED) TO DM 112.4 BILLION IN MARCH. DURING THE LAST SIX MONTHS, AT AN ANNUAL RATE, UNCLASSIFIED

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CENTRAL BANK MONEY ROSE BY 10.1 PERCENT AS COMPARED WITH 12.5 PERCENT IN THE SIX MONTHS PERIOD ENDING FEBRUARY AND 13.3 PERCENT IN THE PERIOD ENDING JANUARY. IN FEBRUARY M1 ROSE BY DM 1.1 BILLION TO DM 174.3 BILLION (JANUARY DATA REMAINED UNCHANGED). DURING THE LAST SIX MONTHS (ENDING FEBRUARY) M1 ROSE BY 9.1 PERCENT AS COMPARED WITH 16.4 PERCENT DURING THE SIX MONTHS PERIOD ENDING JANUARY AND 14.0 PERCENT IN DECEMBER. M2 INCREASED IN FEBRUARY BY DM 0.6 BILLION TO DM 268.7 BILLION. (JANUARY DATA REMAINED UNCHANGED.) DURING THE LAST SIX MONTHS M2 ROSE BY 5.0 PERCENT IN FEBRUARY AS COMPARED WITH 7.8 PERCENT IN JANUARY AND 8.6 PERCENT IN DECEMBER.

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## Message Attributes

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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
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Margaret P. Grafeld  
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EO Systematic Review  
04 MAY 2006

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**Subject:** FINANCIAL DEVELOPMENTS (WEEK ENDING APRIL 20)  
**TAGS:** EFIN, GE, SZ, BE, UK, FR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006